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 Attorneys for Debtors and Debtors-in-Possession

**UNITED STATES BANKRUPTCY COURT  
 DISTRICT OF NEVADA**

In re:  
 USA COMMERCIAL MORTGAGE COMPANY,  
 Debtor.

In re:  
 USA CAPITAL REALTY ADVISORS, LLC,  
 Debtor.

In re:  
 USA CAPITAL DIVERSIFIED TRUST DEED FUND, LLC,  
 Debtor.

In re:  
 USA CAPITAL FIRST TRUST DEED FUND, LLC,  
 Debtor.

In re:  
 USA SECURITIES, LLC,  
 Debtor.

Affects:  
☒ All Debtors  
☐ USA Commercial Mortgage Company  
☐ USA Securities, LLC  
☐ USA Capital Realty Advisors, LLC  
☐ USA Capital Diversified Trust Deed Fund, LLC  
☐ USA First Trust Deed Fund, LLC

Case No. BK-S-06-10725 LBR  
 Case No. BK-S-06-10726 LBR  
 Case No. BK-S-06-10727 LBR  
 Case No. BK-S-06-10728 LBR  
 Case No. BK-S-06-10729 LBR  
 Chapter 11  
 Jointly Administered Under  
 Case No. BK-S-06-10725 LBR

**DEBTOR'S REPLY BRIEF IN SUPPORT  
 OF DEBTORS' APPLICATION FOR  
 ADMINISTRATIVE ORDER  
 ESTABLISHING PROCEDURES FOR  
 INTERIM COMPENSATION AND  
 REIMBURSEMENT OF EXPENSES OF  
 PROFESSIONALS  
 (AFFECTS ALL DEBTORS)**

Date: August 4, 2006  
 Time: 9:30 a.m.

USA Commercial Mortgage Company ("USA"), USA Capital Realty Advisors, LLC  
 ("Realty"), USA Capital Diversified Trust Deed Fund, LLC ("DTDF"), USA Capital First Trust  
 Deed Fund, LLC ("FTDF"), and USA Securities, LLC, ("Securities")(collectively, the "Debtors")

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1 file this Reply Brief to clarify certain matters concerning Debtors' Application For Administrative  
 2 Order Establishing Procedures For Interim Compensation And Reimbursement Of Expenses For  
 3 Professionals (Affects All Debtors) (the "Application").

4 A. **ALLOCATION OF FEES**

5 Each of the Debtors' professionals has acknowledged that their fees and costs should be  
 6 allocated among the Debtors. In order to accomplish this, the Debtors' professionals have  
 7 maintained detailed time records. The Debtors' professionals are allocating fees and costs  
 8 between the Debtors' estates with the majority of fees being allocated to USA Commercial  
 9 Mortgage Company.

10 To date, the Debtors' professionals have not made allocations to individual loans because  
 11 their clients are the Debtors (not the Direct Lenders), and the Debtors are obligated for the  
 12 payment of fees (subject to Court approval).

13 However, the Debtors' professionals are willing to allocate their fees in a manner  
 14 consistent with one another. It is the intention of the Debtors' professionals to agree on a format  
 15 for allocating fees and costs in the next 15 days.

16 B. **DEFERRAL OF FEES**

17 The Debtors' professionals do not agree that a distribution to Direct Lenders or fund  
 18 members should be a pre-condition of the payment of their fees and costs, although it is within the  
 19 discretion of the Committees' professionals if they want to voluntarily do so. While the Debtors  
 20 and their professionals have sought to have this Court authorize a substantial interim distribution  
 21 to Direct Lenders, such a distribution is not a certainty. There are numerous objections that have  
 22 been filed to the distribution motion including the objections of certain of the Committees that  
 23 may be sustained and prevent distribution to investors.

24 Further, the Debtors' professionals believe there are substantial assets which will come  
 25 into the Bankruptcy Estates which are not subject to liens or equitable interests of investors (such  
 26 as interest collected from borrowers which was previously paid to investors and funds collected  
 27 from USA Investment Partners). Thus, it is not economically feasible for the Debtors'  
 28 professionals to participate in these cases without interim compensation.

1 **C. SCHEDULE FOR FEE APPLICATION**

2 The Debtors propose that its professionals file interim fee applications for fees and costs  
3 incurred through July 31, 2006 no later than August 31, 2006 which will be set for hearing on  
4 September 28, 2006. The Debtors have also requested that the Committees' counsel follow this  
5 same schedule to consolidate the costs of noticing such applications.

6 **D. RELIEF REQUESTED**

7 The Debtors seek an order establishing the procedures for interim (monthly) compensation  
8 (80%) and reimbursement of expenses (100%) for its professionals and, if the Committees so  
9 desire, for the Committees' professionals. The procedures for the payment of such interim  
10 compensation and reimbursement are those set forth in the Application.

11 Respectfully submitted this 2<sup>nd</sup> day of August, 2006.

12 /s/ Jeanette E. McPherson

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**CERTIFICATE OF SERVICE**

1. On August 2, 2006 I served the following document(s):

a. **DEBTOR'S REPLY BRIEF IN SUPPORT OF DEBTORS' APPLICATION FOR ADMINISTRATIVE ORDER ESTABLISHING PROCEDURES FOR INTERIM COMPENSATION AND REIMBURSEMENT OF EXPENSES OF PROFESSIONALS (AFFECTS ALL DEBTORS)**

2. I served the above-named document(s) by the following means to the persons as listed below:

☒ a. **By ECF System:**

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21 ☐ b. **By United States mail, postage fully prepaid:**  
22 ☐ c. **By Personal Service**  
23 I personally delivered the document(s) to the persons at these addresses:  
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26 if no one is in charge by leaving the document(s) in a conspicuous place in the office.  
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28 document(s) at the person's dwelling house or usual place of abode with someone of suitable age and  
discretion residing there.  
☐ d. **By direct email (as opposed to through the ECF System)**  
Based upon the written agreement to accept service by email or a court order, I caused the  
document(s) to be sent to the persons at the email addresses listed below. I did not receive, within a  
reasonable time after the transmission, any electronic message or other indication that the transmission was  
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☐ e. **By fax transmission**

Based upon the written agreement of the parties to accept service by fax transmission or a court order, I faxed the document(s) to the persons at the fax numbers listed below. No error was reported by the fax machine that I used. A copy of the record of the fax transmission is attached.

☐ f. **By messenger**

I served the document(s) by placing them in an envelope or package addressed to the persons at the addresses listed below and providing them to a messenger for service.

**I declare under penalty of perjury that the foregoing is true and correct.**

Signed on: August 2, 2006

LIA DORSEY

(Name of Declarant)

/s/ LIA DORSEY

(Signature of Declarant)

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